

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7497**

**BILL NUMBER: SB 551**

**DATE PREPARED:** Jan 27, 1999

**BILL AMENDED:**

**SUBJECT:** Drinking water and wastewater loans.

**FISCAL ANALYST:** Kristin Breen

**PHONE NUMBER:** 232-9567

**FUNDS AFFECTED:**     **GENERAL**  
                              **X** **DEDICATED**  
                              **X** **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill allows any entity that is eligible to receive funds under the federal law concerning state water pollution control revolving loan funds to receive financial assistance from the Wastewater Revolving Loan Fund and the Supplemental Wastewater Assistance Fund. It also allows any entity that is eligible to receive funds under the federal law concerning state drinking water treatment revolving loan funds to receive financial assistance from the Drinking Water Revolving Loan Fund and the Supplemental Drinking Water Assistance Fund.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** This bill allows any entity that is eligible to receive funds under the federal law concerning state water pollution control and drinking water treatment revolving loan funds to receive financial assistance from the Wastewater Revolving Loan Fund, the Supplemental Wastewater Assistance Fund, the Drinking Water Revolving Loan Fund, and the Supplemental Drinking Water Assistance Fund. This would expand eligibility for funding to include investor-owned water and wastewater utilities and private companies. It is estimated that \$40 to \$60 million in financial assistance is available from the Drinking Water and Wastewater Revolving Loan Funds each year. The actual amount of money loaned each year is dependent upon demand.

**Explanation of State Revenues:** (Revised) If Indiana does not allow all entities that are eligible under federal funding to be eligible under the state program, the amount of money Indiana receives in capitalization grants from the U.S. Environmental Protection Agency (EPA) could be impacted. Money from the EPA and state matching funds are leveraged in the bond market. Money from the bonds is then used for loans. Indiana's allotment from the EPA for the Drinking Water Revolving Loan Fund was approximately \$8.7 million in FFY 98 and approximately \$9.3 million in FFY 99. Indiana's allotment for the Wastewater Revolving Loan Fund was approximately \$15 million in FFY 98. It is estimated that Indiana will receive an additional \$32.4 million before the end of FFY2000.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** If investor-owned water and wastewater utilities and private companies become eligible for funding from the revolving loan funds, the amount of money available for political subdivisions could be impacted.

**State Agencies Affected:** State Budget Agency; Indiana Department of Environmental Management.

**Local Agencies Affected:** Political subdivisions

**Information Sources:** Dan Novreske, State Budget Agency, 233-5707; Andrew Lausted, U.S. Environmental Protection Agency, Region V, 312/886-0189.